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ABSTRACT

A national survey was conducted to identify employers' practices and expectations in their search for a skilled and proficient work force. Of over 4,000 employers contacted, 3,347 participated. Establishments reported that just over 80 percent of workers were fully proficient in their current jobs. Neither the restructuring of the U.S. economy nor the rapid introduction of new technologies had led to a "deskilling" of work. Use of high-performance work systems remained the exception. Almost all establishments provided formal or informal training. The most common program taught the safe use of equipment and tools. Both the improvement of teamwork efforts and customer service ranked second. Training to use computers and other new equipment ranked a close third. Fifty percent of employers used equipment suppliers or buyers to provide training. Slightly more used private consultants (36 percent) and private industry councils or other industry associations (34 percent) than they did technical or vocational institutions (33 percent) and community or junior colleges (30 percent). Attitudes, communication skills, job experience, and industry credentials ranked higher than schooling measures in hiring decisions. Policymakers should do the following: help form partnerships between school and work, make educational performance measures and credentials more meaningful to employers, and help employers reevaluate the use of educational outlets as suppliers of training. (YLB)

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The Challenge: To document the actual expectations and practices of employers in their search for and development of a skilled and proficient workforce.

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Enterprises	To make their enterprises more efficient and competitive, employers are buying new equipment, upskilling jobs, and increasing investment in the training and education of their workers.	Encourage employers to extend the use of new work organization at the same time they perfect training strategies designed to increase productivity.
Schools	Employers seldom use measurements of school performance—grades, teacher recommendations, school reputations—to choose among qualified applicants.	Foster more direct and business-like transactions between schools and employers to end the disconnection between them; schools must see employers as customers whose needs should be correctly gauged.
Workers	On average, employers report that only four out of five employees are fully proficient in their current jobs; what most employers seek are workers with good attitudes and communication skills.	Help young workers, in particular, to understand what employers seek as well as the importance they place on self-discipline and on a demonstrated commitment to a job.



A Reality Check: First Findings from the EQW National Employer Survey

Do American employers believe that their workforces are proficient? Have skill requirements increased? What do employers think about the nation's schools? At a time when anecdote too often provides the only answers to these questions, EQW took the direct approach: we conducted a national survey of U.S. employers designed to help the nation make more informed decisions when linking the worlds of work and education.

First findings from the EQW National Employer Survey (EQW-NES) provide nothing short of a "reality check"—a baseline of information that documents the practices and expectations of employers in their search for skilled and proficient workforces and that dispels and corroborates some commonly touted beliefs about employer practices. As employers are increasingly asked to invest in more purposeful school-to-work transitions, the EQW-NES asks them to report their willingness to invest in workers' skills, to assess their current and future skill needs, and to indicate the extent to which they rely on partnerships with schools to supply the necessary skills of their new workers.

Investigating the EQW Triangle

The EQW-NES has its origins in the Center's envisioning of the EQW Triangle, which depicts the interaction of enterprises, schools, workers, and public policy in the effort to develop a skilled workforce. The Center has observed that responsibility for the quality of the

workforce is widely distributed: among managers who must develop the skills of their employees, among schools that need to graduate workers who are well prepared for today's jobs, and among students and workers who must become savvy educational shoppers.

In particular, the Center's research has consistently focused on the responsibility that enterprises have for improving the quality of the workforce. It is the enterprise that assigns employees specific tasks in order to draw a competitive advantage from their abilities and preparedness for work. Yet, it is this area—the work-related strategies of employers—about which policy makers know the least. Much of the debate about the quality of the workforce in general, and the school-to-work transition in particular, rests on the successes and failures of schools, while giving scant attention either to what employers do or what employers want. The Center has filled this void by asking on the EQW-NES:

- How much have the organization of work, employers' investments in new technology, skill requirements, and employers' practices actually changed?
- When employers invest in training, what kinds of instruction do they provide and who supplies it?
- Do employers think their workers are proficient in their current jobs?
- How important are grades, teachers' recommendations, the reputation of a school, or an applicant's level of schooling in the decision to hire?

This *EQW ISSUES* contains employers' responses to these key questions, grouped into three broad categories that, like the EQW Triangle, link employers' practices, employers' assessment of their workers, and employers' use of schools and other educational suppliers.

Developing a Different Instrument

A previous *EQW ISSUES* (Number 7) discussed why national surveys report wildly different estimates of the incidence of worker training and suggested that employers as well as their employees need to be part of the survey process. The EQW-NES, which carries out that recommendation, differs from earlier national surveys in other important ways as well.

- It focuses on the interaction of establishment practice, work organization, and worker proficiency.
- It documents how employers satisfy their needs for skilled employees—in particular, it catalogues employer attitudes toward schools as likely suppliers of skilled employees.
- It goes beyond the simple measurement of the incidence of training to capture other dimensions: training content, intensity, and expenditure; the distribution of training by occupational category.

Administered by the U.S. Bureau of the Census in 1994 to more than 4,000 private establishments, the EQW-NES has a sampling frame that includes employ-

ers from both the manufacturing and non-manufacturing sectors. Public-sector employers, non-profit institutions, establishments with less than 20 employees, and corporate headquarters were excluded from the sample. Of the employers contacted, 3,347 participated, resulting in a 72 percent response rate. To ensure accurate answers, the survey queried human resource managers or plant and establishment managers—respondents most qualified to provide information on employer practices and to offer an informed subjective assessment of employees.

Employers Size-Up the Workforce

Many surveys ask employees about their experiences at work, but none capture the employer's perspective about the nature of work or of their workers. Because it was specifically developed to examine worker proficiency and its effect on establishment productivity, the EQW-NES has uncovered some unexpected results about how employers assess their employees.

The issue of workforce proficiency—whether or not an employee possesses the skills required to perform a job successfully and efficiently—has become a hotly debated topic. Employers complain about the quality of their workforces and of job applicants; schools and workers defend their own efforts in bestowing and accruing skills. The good news is that, on the average, establishments reported that just over 80 percent of their workers are fully proficient in their current jobs.

The bad news is that employers judged one out of every five of their workers to be not fully proficient, perhaps because he or she lacks the necessary skills or because the skill requirements of the job have increased. A break-down of the percentage of an establishment's workforce considered to be proficient reveals more dramatic results: 32 percent of establishments say that less than 75 percent of their workforces are fully proficient,

Table I: Worker Proficiency
% of Proficient Employees % of Establishments

Less than or equal to 75%	32%
Greater than 75% and less than or equal to 85%	21%
Greater than 85% and less than or equal to 95%	27%
Greater than 95%	19%

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while only 19 percent believe that 95 percent or more of their employees are fully proficient (Table 1).

Employer Practices: What They're Really Doing

How have employers reacted to the skills shortages they report? The EQW-NES provides definitive documentation of what many have previously suspected about employer practices, in areas ranging from changes in skill requirements, to the adoption of new forms of work organization, to the incidence and content of employer-sponsored training.

Counter to what many researchers have argued, neither the restructuring of the American economy nor the rapid introduction of new technologies has led to a "deskilling" of work. The EQW-NES reports that nearly 50 percent of employers use equipment less than 4-years-old and that, on average, 42 percent of an establishment's non-managerial employees now use computers. While employers' investment in technology is substantial, it has not "dumbed-down" the content of non-supervisory jobs: 56 percent of the establishments

reported that the skill requirements for these jobs have actually increased; only 5 percent indicated a reduction.

Despite the considerable attention given to new methods of work organization, the use of high-performance work systems among employers still remains the exception rather than the rule (Table 2). Only one-quarter of establishments reported using any bench-marking programs to compare practices and performances with other organizations, and 37 percent reported that they had adopted a formal Total Quality Management (TQM) program. Very few workers engage in arrangements that have become the hallmarks of high-performance work: 13 percent of non-managerial workers participate in self-managed teams, and 18 percent participate in job rotation.

On average, 54 percent of non-managerial employees participate in regularly scheduled meetings to discuss work-related problems. Of employers who conduct these meetings, over two-thirds reported that workers discuss working conditions and health and safety issues, but only 42 percent allow non-managerial workers to discuss choices about new technology or equipment. While employers have begun to consult their workers when making decisions, few of these conversations relate to the practices that govern the nature of work itself.

The EQW-NES found that the establishment that makes no training investment in at least some of its workers is a rarity. Virtually all establishments provide either formal or informal (on-the-job) training: 97 percent provide informal training, while 81 percent provide both formal and informal training. Indeed, over half (57 percent) of the establishments reported an increase in their formal training over the last three years.

When the incidence of formal and informal training is broken down by employer size, the results are both rational and surprising (Table 3). Formal training often

Table II = Work Organization

Method	Mean % of Employees
Discuss Work-Related Problems	54%
Job Rotation	18%
Self-Managed Teams	13%
	% of Establishments
TQM	37%
Bench-Marking Programs	25%

serves as a staple of the benefits packages offered by larger employers, and according to the EQW-NES most do provide it: 90 percent of enterprises with between 110 and 999 employees and 99 percent with more than 1,000 employees. The unanticipated finding is that smaller firms also provide a fair amount of formal training: 75 percent of enterprises with 20 to 49 employees and 82 percent with 50 to 99 employees.

The more probing question is what type of training today's employers provide for their non-managerial employees. The most common program teaches the safe use of equipment and tools (Table 4). However, employers also invest considerable resources in training that bolsters attitudinal and behavioral skills: both the improvement of teamwork efforts or problem-solving skills and training in sales or customer service rank second. Training to use computers and other new equipment ranks a close third. Practically no resources or time is spent on remedial training in literacy or arithmetic.

Table III: Incidence of Training

Establishment Size (Number of Employees)	Formal Training	Informal Training
All Establishments	81%	97%
20 - 49	75%	96%
50 - 99	82%	99%
100 - 249	90%	98%
250 - 999	90%	99%
More than 1,000	99%	98%

Table IV: Type of Training

Type of Training	Rank
Training on the Safe Use of Equipment and Tools	1.7
Improving teamwork or problem-solving skills	1.5
Training in Sales and Customer Service	1.5
Training to use Computers and other new equipment	1.4
Remedial skills in literacy and arithmetic	0.4

Ranking: 0=none, 1=little, 2=some, 3=most

The Disconnection Between School and Work

The initial analysis of the EQW-NES examines two important dimensions of school and workplace partnerships: the use of schools as the suppliers of training needs and the role that measurements of a student's school performance play in employers' hiring decisions.

Which suppliers employers choose to provide training reveals a great deal about their relationships with certain institutions. It is no coincidence that 50 percent of employers use equipment suppliers or buyers, since most of the training they provide familiarizes employees with new equipment. However, slightly more employers use private consultants (36 percent) and private industry councils or other industry associations (34 percent) as training vendors than they do technical or vocational institutions (33 percent) and community or junior colleges (30 percent). Four-year colleges and universities are used by only 20 percent of the employers whom the EQW-NES surveyed (Table 5).

Educational institutions' relative share of the training market helps to demonstrate the disconnection between school and work: employers turn to schools, but not as a primary provider of training. Many higher education institutions already have opened their doors to the world of work by becoming directly linked to the labor market—granting “practical” degrees that essentially serve as skills certificates or offering adult education programs to increase workers’ skills. If colleges and universities offer these services, why aren’t employers *primarily* turning to them as suppliers of training? The problem may lie in the way employers perceive schools.

Employers reported that measurements of school performance such as grades, teacher recommendations, or the reputation of an applicant’s school mean little to them in the decision to hire an applicant (Table 6). What is frankly more important to employers is how applicants present themselves—their attitude and communication skills—and whether or not they have a successful history of previous work experience. The schooling measure with the most weight is an applicant’s years of completed schooling: essentially, the credential they do or do not have. Although there are minimum educational requirements for most jobs, the implication is that employers have little understanding of what an academic credential actually signifies.

Ranking above years of schooling as a factor in hiring decisions, industry-based credentials resonate more highly with employers, presumably because these certificates have a direct translation on the job. Employers seem not to recognize that schooling measures (such as grades) are actually a good predictor of workplace success, as EQW research on labor market outcomes of high school experience has shown. It is not unreasonable to assume that other elements of a student’s “permanent record”—for example, attendance patterns or

participation in certain extracurricular activities—would also be relevant to employers and that, if investigated, this connection could be determined.

That attitudes, communication skills, job experience, and industry credentials rank higher than schooling measures should not be interpreted as an undervaluing by employers of academic credentials in general and college degrees in particular. The question posed to employers asked them to identify the factors that are most important in hiring—not screening—applicants. Many employers immediately eliminate candidates if their educational level or job experience is not adequate for the job in question and then use other measures, such as attitudes and communication skills, to choose among the equally qualified. Nonetheless, this finding becomes particularly important for youth who are not college-bound, those who experience the most difficult transition from school to work in a loose labor market that allows employers to hire the college-educated for jobs

Table V: Training Vendors

Sources of Training	% of Establishments
Equipment suppliers or buyers	50%
Private Consultants	36%
Private Industry councils or other industry associations	34%
Technical and Vocational Institutions	33%
Community and junior colleges	30%
Four-year colleges or universities	20%
Government-funded training programs	12%
Unions	5%

Table II: Recruitment
Applicant Characteristics

	Rank
Applicant's Attitude	4.6
Applicant's Communication Skills	4.2
Previous Work Experience	4.0
Recommendations from Current Employees	3.4
Previous Employer Recommendation	3.4
Industry-Based Credentials (certifying applicant's skills)	3.2
Years of Completed Schooling	2.9
Score on tests administered as part of the interview	2.5
Academic Performance (grades)	2.5
Experience or reputation of applicant's school	2.4
Teacher Recommendations	2.1

Ranking of Factors in Making Hiring Decisions:
1 = Not Important; 5 = Very Important

once held by high school graduates. These results indicate a real need to make employers aware of the skills that educational credentials signify and the ways in which they are relevant to the workplace.

Public Policy: Building on a Baseline

On the issue of workforce quality, the EQW-NES has allowed employers to speak for themselves, and some of what they have said comes as no surprise. Employers invest in their physical and human capital, find most employees proficient at their jobs, and engage in partnerships with schools to supply their training needs, although they more often turn to other vendors. However, the initial results of the EQW-NES make one thing very clear: despite partnership in some areas, employers and schools do not speak the same language. What is re-

quired to end the disconnection between schools and employers is the establishment of more direct and business-like transactions between the two.

To improve communication, employers need to realize that they *do* have a stake in becoming familiar with the measures that schools provide. When employers discount schools without trying to improve them, they ultimately increase their own costs in identifying potential workers. As many employers told EQW in our focus groups on youth employment (see *EQW ISSUES* #6), a great deal of time and money is wasted on matching young high school graduates with jobs. The ability to interpret high school graduates' performance in school may help to alleviate that expense. Schools, on the other hand, need to make schooling measures and schooling itself more relevant to the world of work, viewing employers as customers whose needs must be correctly gauged.

To help employers, schools, and job applicants make better matches, policy makers should consider the following recommendations.

- Recognize that attitudinal and behavioral skills are important to employers; to help form partnerships between school and work, determine ways for these skills to be conferred or reinforced in the classroom.
- Determine ways of making educational performance measures and educational credentials more meaningful to employers.
- Help employers take a second look at using educational outlets as principal suppliers of their training needs; many community colleges already provide excellent examples of successful work-related endeavors that could serve as models for partnerships.

--Robert Zemsky and Maria Iannozzi

Future Analyses of the EQW National Employer Survey

The results reported in this *EQW ISSUES* represent only the initial analysis of responses to the EQW-NES. In the coming months, EQW will release more detailed stories that emerge from this data set: a profile of the types of firms who do engage in partnerships with schools; an investigation of the ways in which an enterprise's practices affect real measures of enterprise productivity; and a look at how gender and ethnicity relate to employer practices.

The National Center on the Educational Quality of the Workforce

EQW is a partnership between one of this nation's premier business schools and one of its leading graduate schools of education. Established by the University of Pennsylvania's Wharton School and Graduate School of Education under a cooperative agreement with the U.S. Department of Education, EQW's program of research and policy analysis takes as its principal challenge the renewal of American competitiveness through leveraged investments in the quality of the nation's workforce.

The EQW research agenda focuses on four broad questions:

1. What do employers need to know to better use the skills their workers bring with them and acquire in the workplace?
2. How can schools and other providers become more effective suppliers of skilled and disciplined workers?
3. How can workers develop more complete skills portfolios that combine the competencies and disciplines a productive economy requires?
4. What is the best role for public policy in the development of a work-related education and training market that efficiently links consuming firms, supplying schools, and educated workers?

The Research Connection

Each *EQW ISSUES* grows out of the Center's linking of research and practice. The process involves the identification of a key issue or problem and the investigation, through research, of its solution.

The research for this issue included the following:

"First Findings from the EQW National Employer Survey," 1995. Philadelphia, PA: National Center on the Educational Quality of the Workforce.

"Survey Instrument for the EQW National Employer Survey, Phase I," 1994. Philadelphia, PA: National Center on the Educational Quality of the Workforce.

David Crawford, Amy Johnson, and Anita Summers. 1995. "Schools and Labor Market Outcomes." Philadelphia, PA: National Center on the Educational Quality of the Workforce.

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